



U.S. Department of Justice

*United States Attorney's Office
Eastern District of New York*

F.#2009R02380
DSS/CMT

271 Cadman Plaza East
Brooklyn, New York 11201

September 30, 2013

BY ECF

The Honorable John Gleeson
United States District Court
Eastern District of New York
225 Cadman Plaza East
Brooklyn, New York 11201

Re: United States v. HSBC Bank USA, N.A. and
HSBC Holdings plc
Criminal Docket No. 12-763 (JG)

Dear Judge Gleeson:

Pursuant to the Court's July 1, 2013 order directing the government to file quarterly reports regarding the implementation of the deferred prosecution agreement ("DPA") in the above-captioned matter, the government provides the following.

As previously disclosed to the Court, Michael G. Cherkasky was selected as the independent corporate compliance monitor (the "Monitor") for the defendants pursuant to the DPA. The Monitor officially assumed his responsibilities on July 22, 2013. This initial period has largely been consumed by preparatory work to lay the foundation for the five-year monitorship. For example, the Monitor has assembled a team of more than 60 individuals (the "Monitor Team") to assist him in the execution of his duties under the DPA. Collectively, the Monitor Team provides, among other things, specific expertise with regard to (i) the Bank Secrecy Act, (ii) other applicable United States and United Kingdom anti-money laundering laws, and (iii) sanctions, terrorist financing, and proliferation financing laws and regulations.

Similarly, and as required by the DPA, the Monitor has submitted a comprehensive work plan for the Monitor's initial 90-day review period. This initial review will commence on October 21, 2013. In preparing for this initial review, the Monitor Team has, among other things: (i) met with the prosecutors and law enforcement agents who developed the case against HSBC; (ii) met with HSBC executives in the United States and in the United

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Kingdom; (iii) collected and reviewed relevant documents; and (iv) conducted substantive interviews with numerous HSBC employees.

The Monitor is scheduled to submit the report of his findings from his initial review to the Department of Justice on January 20, 2014. At this early stage, the Monitor has yet to make any specific findings or recommendations regarding the defendants' compliance with the terms of the DPA.

Respectfully submitted,

LORETTA E. LYNCH
United States Attorney

By: _____ /s/
Alexander A. Solomon
Daniel S. Silver
Assistant U.S. Attorneys
(718) 254-6074/6034

JAIKUMAR RAMASWAMY
Chief, Asset Forfeiture and
Money Laundering Section
Criminal Division
United States Department of
Justice

By: _____ /s/
Craig M. Timm
Trial Attorney
(202) 598-2279

cc: Counsel for Defendants (via ECF)